

Exhibit B



Washington State Liquor and Cannabis Board

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Board to increase the number of retail stores by 222 to ensure access by medical patients

OLYMPIA – Following an analysis of the entire marijuana marketplace in Washington State, the Washington State Liquor and Cannabis Board (WSLCB) today heard a recommendation from staff to increase the number of retail marijuana stores from the current cap of 334 to a new cap of 556. The methodology for the cap will be part of emergency rules which will be announced Jan. 6, 2016. The allocation of retail licenses determined by the board will be published on the WSLCB website at lcb.wa.gov.

“Our goal was clear; to ensure medical patients have access to the products they need,” said WSLCB Director Rick Garza. “There will be more storefronts for patients going forward than are available today. In addition, qualified patients can grow their own or join a four-member cooperative.”

Earlier this year the legislature enacted, and Gov. Inslee signed, legislation (SSB 5052) entitled the Cannabis Patient Protection Act. The new law charges the WSLCB, the state Department of Health and other agencies with drafting regulations that integrate the medical marijuana marketplace into the tightly controlled recreational marketplace. The WSLCB is charged with licensing retail applicants using a priority-based system.

Priority Licensing System

- **First priority** applicants are those who applied for a marijuana retail license prior to July 1, 2014, operated (or were employed by) a collective garden prior to January 1, 2013, have maintained a state and local business license and have a history of paying state taxes and fees.
- **Second priority** applicants are those who operated (or were employed by) a collective garden prior to January 1, 2013, have maintained a state and local business license, and have a history of paying state taxes and fees.
- **Third priority** applicants are those who don't meet the first or second criteria.

The WSLCB began accepting license applications on Oct. 12, 2015. Thus far, the WSLCB has received 1,194 retail applications. Of those who have applied, 39 have been determined as priority one and 42 have been determined as priority two. Applicants must still meet all other WSLCB licensing criteria before being licensed.

Proportionate Allocation based on Medical Sales

The number of retail locations will be determined using a method that distributes the number of locations proportionate to the most populous cities within each county and to accommodate the medical needs of qualifying patients and designated providers. Locations not assigned to a specific city will be at large.

WSLCB will increase the number of available licenses in the ten counties with the highest medical sales by 100 percent. Exceptions include Yakima and Benton Counties which have bans and moratoria in all major population centers. The 100 percent increase will transfer to the next two highest for medical needs, Skagit and Cowlitz Counties. Those counties and jurisdictions not in the top ten for medical sales will receive an increase of the number of licensees by 75 percent.

In addition to new retail licensees, 70 percent of existing retail recreational marijuana stores have received an endorsement on their license to sell medical marijuana.

BOTEC Analysis Corporation Report

BOTEC Analysis Corporation provided its final report, Estimating the Size of the Medical Cannabis Market in Washington State, on Dec. 15, 2015. In its report, BOTEC provided a range of the value of the overall marijuana market in Washington State. Its best estimate of the overall market value is a median figure at \$1.3 billion annually. Its best estimate on the breakdown is: \$480M medical (37 percent of market), \$460M state-licensed recreational stores (35 percent of market) and \$390M illicit (28 percent of the market).

The mission of the Washington State Liquor and Cannabis Board is to promote public safety and trust through fair administration and enforcement of liquor, tobacco and marijuana laws.

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